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LOOKING AT JAPANESE BUREAUCRACY

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* AERA Examines Bureaucracy, Various Ministries

* Finance Ministry

902B0128A Tokyo AERA in Japanese
22 May 90 pp 30-32—FOR OFFICIAL USE ONLY

[Article by Kazunori Uruma: "When Will Day Come For Internationalist Faction To Rise to Top?"]

[Text] The Finance Ministry is a super first class agency in personnel and work style. The "accountant elite" support it. Through compilation of the budget, they have come to control the backbone of the country. In the borderless international age, the Finance Ministry is confronted by "accountant imperialism."

Vice Minister Makoto Utsumi of the Finance Ministry is a man of either severe praise or censure.

In speaking of "praise," he has become an idea man with a wealth of power to execute. When he was introduced in the FINANCIAL TIMES of England last year, it was written that he has the nickname of "Manbachi" [10,000 and 8].

There are several interpretations to this name but if read in the context of "praise," it is that although ideas numbering about 10,000 surface, only 8 are realized. In other words, he is an idea man where reality cannot catch up with the abundance of ideas. A different nickname, "Bubbling," means one idea surfaces after another.

As if to support this, in September of last year, the U.S. international economic journal, INTERNATIONAL ECONOMY, gave Utsumi the 1989 "Annual Policy Planner Award." This award is bestowed on the person who has had the most achievement in the area of international finance. The reason Utsumi was awarded the prize is that he contributed a great deal to the Brady concept, a policy to solve the accumulated debt of developing countries which was proposed in March of last year.

As for "censure," there is the point of coercion by arbitrary action on his own authority. Whenever the occasion allows, he is compared to his predecessor, Toyoo Gyoten (currently Finance Ministry adviser).

Well, he lacks a sense of human feeling. Well, he is inferior in English capability and overseas connections.... For the most part, Gyoten is judged the winner.

Ever since he was appointed vice minister in July of last year, Utsumi probably has been the Finance Ministry bureaucrat that has appeared most often in the mass media at home and abroad. Along with the worsening U.S.-Japanese economic friction and international currency and finance in the G-7 and Structural Impediments Initiative [SII] Talks, the chances for him to appear have increased, but along with this activity, the evaluation of him within the Finance Ministry is divided right in half.

Criticism within the ministry cannot be interpreted as simply individual attacks. Utsumi's style as a bureaucrat is at the opposite pole to the traditional style of the Finance Ministry mainstream.

Attacked by "Defensive" Finance Ministry

The Finance Ministry is a "defensive" agency. The true value of a Finance Ministry bureaucrat is to be involved thoroughly in its "defense." Utsumi's strong point, however, is "offense."

One episode at the U.S.-Japanese heads of state conference in Palm Springs, California in the United States in March of this year is now being told around Nagatacho [location of Diet] and Kasumigaseki [location of government offices].

When they arrived in Palm Springs, althoough it had been decided that he would be in the car in which Prime Minister Kaifu and his party were riding, Utsumi refused and got into Secretary of the Treasury Brady's car. It is said that either the U.S. side got angry because of this or Prime Minister Kaifu got angry at the disregard of etiquette.

Utsumi himself denies this story but according to a source traveling along, it seems this was the truth. Utsumi got into the car to negotiate directly with Secretary Brady to curb the decline of the yen which had dropped below Y150 to the dollar right before the heads of state conference and to make a hasty attempt to add the item of exchange stabilization to the discussion topics at the heads of state conference. The Foreign Ministry, who was managing the whole conference, was mad that "he did as he pleased" and it seems the story got exaggerated into "Prime Minister Kaifu got angry."

This episode is a good example that demonstrates Utsumi's special character.

Policy planning at the Finance Ministry is by the bottom-up method from bottom to top that is characteristic of the bureaucracy, but the reason the Finance Ministry is called an elite agency is the thoroughness with which it does its job.

For example, when compiling the budget, the person in charge of printing the budget document checks it character by character with a magnifying glass and if a character is even a little blurred, it is reprinted. The Finance Ministry style is that superiors only approve it when it is perfect.

Skilled Groundwork Is Elite Path

Both in the past and present, that Finance Ministry mainstream defers to the Budget Bureau. Those people who work in the Budget Bureau, which handles the budget, are called the Finance Ministry elite.

Accountants in the bureauracy do not become the elite merely because they hold the purse strings of budget assessment power.

The essence of the accountant elite are the attributes of superior groundwork and coordinating skill. Rough estimate requests are received from the various ministries and agencies and assessed for the budget. Consequently, the accountant elite are essentially "passive." To speak in terms of politicians, the Takeshita style of laid-back manipulation techniques is their forte. It decidedly is not the Nakasone form to present one's own visions and hammer out policy.

Utsumi gives the impression that he has never had experience in the Budget Bureau. In fact, he spent a long time in the Tax Bureau and is classified as a tax specialty man.

Moreover, Utsumi once "lost his footing." About 10 years ago, Utsumi was head of the No. 1 Taxation Section of the Tax Bureau and was responsible for drafting plans on the "green card" system.

The green card system was a system for purging hidden accounts by having personal confirmation of deposits and savings in order to correct tax injustices.

It is said that Utsumi was the proposer of this system. This ultimately was rejected by the Diet. Initially, politicians who did not know the details of the system very well were afraid that their own hidden accounts would be caught and ultimately they worked to get rid of this system.

Vice Ministership Established Due To Internationalization

Now it is said that Utsumi's attacks and coerciveness typically work against him.

It appears that Utsumi's impact has been considerable. Nowadays, he goes around in a U.S. jeep (Cherokee) and has come to enjoy one-man mountain climbing.

Going by the strict promotion logic of the Foreign Ministry, assignment to administrative vice minister and chief executives below is decided by evaluation of one's days as section chief. Utsumi had lost points at an important time. Even today there are people who criticize Utsumi as a "miraculous resurrection."

The chance to be resurrected came out of his days as a diplomatic representative to the United States. The vice foreign minister at that time, Tomomitsu Oba had noticed Utsumi's capability. It was just around the time when the Yen-Dollar Committee had become the focal point between the United States and Japan and it is reported that Takeshita who was finance minister at that time, Oba and others repeatedly held secret conferences with Utsumi at his residence.

Eventually, as if addressing Oba, Takeshita said, "What should we do with Utsumi?" There had been a precedent for a bureau chief of the ministry to be appointed to a diplomatic post to the United States. Utsumi returned to Japan in the post of chief of the International Finance Bureau and then was appointed to vice minister.

The vice minister is a post that was established elevating the status of finance counselor in 1968 when international currency issues became important. It is the highest person responsible for currency issues but within the Finance Ministry, it also traditionally is given to the one who lost in the race for administrative vice minister.

However, since Oba three generations ago, appointment from chief of the International Finance Bureau has continued. From the days of dealing simply with currency issues, the issues have widened to trade surplus and capital flow issues, G-5 and G-7 policy cooperation, and structural conferences between two countries seen as devoted to settling the yen-dollar exchange rate. In addition to becoming internationally and complexly divergent, recently it even has been in charge of the problem of setting up a European reconstruction development bank for the debts of developing countries and financing for Eastern Europe.

New Finance Ministry Bureaucrat Image Abortive Flower?

Utsumi's aggressive style blossomed when he obtained the post of vice minister.

The joint communique in which the United States and Japan appealed for cooperation to stop the low yen at the G-2 meeting on 23 March of this year and the inclusion of the item to stop the low yen at the April G-7 meeting, aside from their effects on the exchange market, were Utsumi's achievements.

It is reported that on the joint communique at the G-2 in particular, he attacked the United States to the extent that some said "it was too much," brandishing a threat to refuse to bid on the U.S. debt and make Japan's interest rates competitive.

Unusual career, nonmainstream, unique "offensive"—Utsumi presents a new image of a Finance Ministry bureaucrat. Within the ministry, however, he is apt to be seen as an abortive flower.

In English his post of *zaimukan* is written as "vice minister." In other words, he is another administrative vice minister.

However, the difference in rank between *zaimukan* and administrative vice minister is obvious. House of Representatives Diet member Takujiro Hamada, an old boy of the Finance Ministry, says that "The administrative vice president is a line [position] and the *zaimukan* is no more than staff."

The administrative vice minister must be from the accountant elite. Among the Finance Ministry old boys, there are also people who assert that "The administrative vice minister should come alternately from the various bureaus."

However, the logic of the Budget Bureau is that "an administrative vice minister who does not know the budget would be unfit for the job."

The Elite Detest Uniqueness

So, many of the accountants are called the domestic faction, holding fiscal management supreme with the unquestioning belief that the budget is the very life of the Finance Ministry. People in the Tax Bureau and other bureaus in charge of monetary affairs are classified as "outsiders."

Health and Welfare Minister Yuji Tsushima, a Finance Ministry old boy, criticizes the mainstream defensiveness and conservatism, saying that "there are too many of the same type of people among the accountants. They lack liberalism. They detest novel discussion. In the current foreign and domestic situation and changes in the economy, the Finance Ministry should take the initiative in dealing with the changes."

However, there are no signs of change in the accountant-led Finance Ministry. Even Utsumi cannot tread upon the framework of this "accountant imperialism." A good example was the U.S.-Japan SII talks. To start with, it is said that Utsumi advanced his own proposals at the structural talks. On this difficult issue, the Budget Bureau was disturbed, saying that "if he makes a mistake, it will be fatal to his ambition," (Budget Bureau officer). Regardless of the fact that Utsumi was serving as one of the joint chairman of the conference representing the Finance Ministry, however, the handling on the Finance Ministry side was conducted under Budget Bureau leadership up to the interim report in April.

Even in this age of so much internationalization, you must be in the "domestic faction" to aim at the pinnacle of the bureaucracy.

* Questionnaire Responses

902B0128A Tokyo AERA in Japanese
22 May 90 pp 38-41—FOR OFFICIAL USE ONLY

[Article by Akira Hasegawa: "Strong Against the United States, Opposition Parties Hang In There, More Salary"]

[Text] A questionnaire was sent to all the over 200 section chiefs of four ministries—the Finance Ministry, Ministry of International Trade and Industry (MITI), Foreign Ministry, and Home Affairs Ministry—representing Kasumigaseki, the government office district. Responses were received from 80. The international faction is MITI and the Ministry of Foreign Affairs. The domestic faction is the Ministry of Finance. There is dissatisfaction with the current situation of politics and low salaries. The results bear this out.

The U.S. assertions about Japan go too far and Japan should deal with them more strongly. The United States is demanding that there be a reduction of bureaucratic discretionary power, but that is not necessary. However, the U.S.-Japan Security Treaty should remain as it is now.

The influence of the Liberal Democratic Party has become great, and the so-called "high party-low government" phenomenon is true to a certain extent. A change of LDP rule is desired, but the opposition parties are not strong enough to take over the reins of government. It is believed that Japan's prosperity will continue in the 21st century, but Japan has no spiritual philosophy to show the world and politics is believed responsible. Although considered an individual dissatisfaction, the current status of politics is cited.

It is believed that administrative guidance, which is said to have been influential in building an economic superstate, should be reduced in the future, and the fact that Japanese bureaucrats might think of themselves as the most excellent in the world is not thought to be true. It is recognized that Japanese bureaucrats are of a different nature to a certain extent.

There is no feeling of distrust among the bureaucrats about the fact that there are many among them who are graduates of Tokyo University's School of Law. Although they would like their own children to become bureaucrats, they will leave the decision up to them, neither supporting or opposing it. Their greatest concern is their work.

Many in Finance Ministry Are U.S. Hardliners

The above is a rough sketch of the bureaucrat based on the questionnaire to Finance Ministry, MITI, Foreign Ministry and Home Affairs Ministry section chiefs. The section chiefs of the four ministries were born about 1945, and many joined the ministry about 1968.

First, they were asked about U.S.-Japanese relations. The greatest number of section chiefs replied the United States "is going too far" in its allegations about Japan. Close to 60 percent, however, marked "other" because the answers were oversimplified. That trend was particularly strong in the Foreign Ministry which has been the go-between with the United States. On the other hand, a high percentage in the Finance Ministry thought it "is going too far" and there was the opinion that "America has the habit of thinking its own assertions are universal."

For negotiations with the United States, like the previous question, most marked "other," led by the Foreign Ministry, but in aggressive responses except "other" (hereafter, the same), the largest was "should deal more strongly." That trend was particularly strong in the Finance Ministry.

While attaching definite conditions such as "Should be strong but accurate, a path that will be respected by the United States. However, saying no to everything is wrong," there is a sense of a hardline against the United States.

For reduction of bureaucratic discretionary power sought by the United States or in other words, clarity of administration, there were about the same number for

"present status fine" and "should be reduced." Viewed by ministry, however, "present status fine" accounted for 80 percent of the aggressive responses in the Finance Ministry. "Should be reduced" at MITI, on the other hand, was double that of the other ministries and the difference with the Finance Ministry was conspicuous. To introduce a typical opinion, there is "Although calling it administration, the United States has been more outrageous in acting on behalf of the profits of their own nation's industry and the decline in clarity has been mutual," (Finance Ministry). "There are too many unnecessary measures." "Since it is difficult to make changes with legislation in Japan, manuals not written down on paper continue to exist. Clear administration is proper," (MITI).

In the above three questions, it can be said that the Finance Ministry is a U.S. hardliner and the Foreign Ministry and MITI are flexible. Chiefly, U.S.-Japanese economic friction bears the brunt of the criticism, but it also can be viewed as a "Kasumigaseki international faction" at both the Foreign Ministry and MITI and a "domestic faction" at the Finance Ministry.

Foreign Ministry Conspicuous on Maintaining "Security Treaty"

The situation was different when it came to the ideal state of the U.S.-Japan Security Treaty, however, though there was similarity on U.S.-Japanese relations. The greatest number was for "maintain current status" and that trend was notable in the Foreign Ministry. Viewed by aggressive responses, it actually was 83 percent, greatly exceeding the 58 percent of the other three ministries. The response "review some day" came for the most part from the three ministries other than the Foreign Ministry.

Once Foreign Ministry section chief said, "At the present point in time when the outlook is not certain, the advocation of a review is irresponsible." Such a cautious position is seen as due to the issue of the security treaty being a matter close to the exclusive jurisdiction of the Foreign Ministry.

At the other ministries, it was said "All laws and ordinances should be flexible regarding change and change must not be feared." "Inherently, it does not mean much. It won't matter however it is changed," (both MITI). "A treaty unilaterally advantageous to Japan should not be proposed for review by Japan," (Finance Ministry). A sense of some aloofness draws attention.

Shifting to the domestic issues of "Japanese politics, bureaucratic system, and policy in general," when it came to "high party, low government" which asked if the power of the LDP was strong, the Home Affairs Ministry, for the most part, replied that "it is true." There were zero that "it is not true." Perhaps they felt a sense of powerlessness but conversely, there were some who evaluated the current situation as "Since the party is chosen by an elective process, it is natural that the party be high and government be low." Three in the Finance Ministry and one in MITI responded that "It is contrary to the truth." The Finance Ministry's definite stand stood out.

Industry Seeks Administrative Guidance

In any change of political power, there was strong disappointment about the minority parties' capability to take the reins of government and the desire for LDP rule that "the current situation is fine" was a scant six percent.

"It is wise for the minority parties to get political power by coalition with the LDP," (Home Affairs Ministry). "A change once in a while would be good even if there were mistakes," (Foreign Ministry). There were many support groups for minority parties.

For the ideal state of administrative guidance, about half believe in "less." However, 59 percent of the aggressive responses by MITI considered "the present situation fine," over double the 26 percent of the other three ministries.

There also was a "commercial responsibility theory" that "There are many cases where administrative guidance is desired by industry. It will not disappear so long as the dependence by industry does not change," (MITI).

The difference between each ministry was comparatively small on the following four questions.

In "Are Japanese bureaucrats the best in the world?" although the majority "do not believe so," there was a high feeling of self-importance that "They excel as a team," and "They indeed are the best workers in the world," (Finance Ministry).

Next, for "Are Japanese bureaucrats different in nature?" over half had "different nature to a certain extent" or "of a different nature." A section chief at the Foreign Ministry wrote a strong criticism of MITI, saying that "Japan is too harmonious and too much energy is expended in power struggles between ministries. The Ministry of International Trade and Industry in particular is desperate to expand its power, resulting in a weakening of the constitution of administrative government."

Regarding "the prosperity of Japan," half had the strong feeling that "it will continue in the 21st century."

In "Does Japan have a philosophy?" there were many who considered that it was not the responsibility of government. Among those who answered "other," there were not a few with the opinion that "rather than the responsibility of anyone, it is the responsibility of the people." The need for such philosophy or grand design was felt keenly, and a bewilderment was sensed that "The lack of a philosophy so far has been linked to national benefit, but..." (MITI) and "I believe it is sufficient just to advocate a peaceful nation but has it not been understood" (MITI) and "Scholars and intellectuals have become minuscule" (Finance Ministry).

Regrading the "superiority of Tokyo University's Law School," there was no tendency to see any particular problem. There were many responses of "no harm" at the Foreign Ministry but at the Finance Ministry, on the other hand, "no harm" barely exceeded "should be corrected," revealing a difference between the two ministries.

"Don't Say On Par With Banks, But"

In Category III on "bureaucrat and private industry as a profession," a difference again appeared among the ministries.

On "children becoming bureaucrats," there were a total of three section chiefs that responded "would encourage." All were in the Finance Ministry. There were opinions that "Salary is low compared to responsibility" (Finance Ministry) and "Compared to university classmates, salary is exceedingly low, (Foreign Ministry). It seems that salary was an obstacle to recommending a government career to their children." In this regard, the annual income of a section chief at the ministry who is 45 years old and has two children is about Y9 million (including taxes).

"The greatest concern" overwhelmingly was work.

It was naturally a section chief of the Home Affairs Ministry who said that he aspired "to become a governor or mayor and live a rather comfortable life in a regional public body."

A Finance Ministry section chief saying that "To be able to spend an enjoyable life in my old age somehow" seems human, but was in the minority.

Finally, as to the "greatest dissatisfaction, "politics" was at the top. That trend was strong at MITI. Many also were resigned that "it inevitably reflects the quality of the people."

Among the many who replied "salary" in second place, there was a saturation of a sense of crisis rather than simply individual dissatisfaction in that "I don't say that it should be on par with financial institutions but the tratment is not improved, won't a void be created in personnel?" (MITI).

Third in dissatisfaction was "treatment by mass media" and a section at the Foreign Ministry, citing the name of an ASAHI SHIMBUN staffer as a "classmate," answered that "There is little introspection on how treatment by the mass media results in efforts to destroy my own country. They talk big with inadequate study."

[Boxed item] Noboru Fuji, Representing Cambridge Forecast Group; "Bureaucrats With A Narrow View" Indeed Are Desired

The Finance Ministry is a power nihilist thoroughly knowledgeable about the ins and outs of the world. MITI is a clear opinion maker with no legal authority. The Foreign Ministry has many second-generation diplomats in a court palace with a wealth of taste, and the Home Affairs Ministry is governor. These images of mine appeared in the questionnaire.

In particular, the indication by the Finance Ministry of a hardliner trend against the United States in U.S.-Japanese relations can be called the consciousness of the final elite remaining in Japan. It is expressed by the Finance Ministry chiefly saying "No" to the current situation being "high party, low government" and by many encouraging their own children to become bureaucrats.

Such a consciousness, however, is behind the times. The collapse of socialism in Eastern Europe is also the collapse of bureaucracy. People who hold power should be in their position by election. In that sense, the bureaucracy must, in one sense, be incompetent like that of the United States and have a narrow point of view. If they want to take leadership, they should become politicians.

Many in the Foreign Ministry want to maintain the current situation regarding the U.S.-Japan Security Treaty, but that probably goes without saying. The Cold War is over, however, and the Soviet threat has become a matter of the past. There are also changes in agreement on the meaning of the U.S.-Japan Security Treaty. The maintenance of the treaty only as a brake so that Japan will not become a military superpower in reality means that its occupation status is continuing.

Isn't the strong dissatisfaction with politics in a certain sense because it is an easy answer? From a different viewpoint, it can be said that it is an expression of the fact that the course of economic priority and dependency on the United States which has continued consistently since the war has been overcome by Japan's success itself and the bureaucrats that have followed that course have lost their identity. Frustration is increasing about partially functioning politics.

I believe that salary, which is another dissatisfaction, should be higher. However, taking second jobs in private industry after retirement should be stopped. That is because this practice in itself is a kind of bribery. [end boxed item]

* Diplomatic Service

902B0128A Tokyo AERA in Japanese
22 May 90 pp 46-47—FOR OFFICIAL USE ONLY

[Article by Hideo Hamada: "Rapid Change In International Situation, Gap With People's Awareness, Sharp Decrease In Aspirants"]

[Text] With the upheaval in Eastern Europe, "diplomacy" has entered the parlor. Everyone is thinking about Japanese diplomacy. What about the professional diplomats in these times?

Soviet Section Chief Kazuhiko Togo of the Foreign Ministry telephoned his own section from the outside

and inquired, "Anything happening?" It was 4 PM on 23 April. After hearing the communication from the section staff member, Section Chief Togo unconsciously cried, "Damn it!"

That day, in the city of Fukuoka, former Deputy Prime Minister Kanemaru, chair of the LDP Takeshita faction, had said in a speech about the Northern Territories issue that "If we can't have four islands, we should first have two returned. I think we even might buy them." This news had come into the Soviet Section on the wire of a news service.

The gist of Kanemaru's "two island return theory" is to first realize the return of the two islands of Habomai and Shikotan among the four northern islands and continue discussion about the issue of returning the remaining Kunashiri and Etorofu.

The Japanese Government always has stressed the return of the four islands in one package. Although the course of dialogue on Japanese-Soviet relations has indeed advanced, the Soviet posture on the territories issue has been "zero response," (Foreign Ministry officer). The Foreign Ministry believes that when an influential leader like Kanemaru talks of a "two-island return" in spite of that, the Soviets can't help but detect that Japanese public opinion is divided.

If "unified public opinion" is important in diplomatic negotiations, the Foreign Ministry did not make an effort to get Kanemaru to understand beforehand the thinking of the Japanese Government.

Kanemaru Was Invited To Dine, But

This year, Shintaro Abe of the LDP visited the Soviet Union and Secretary General Ichiro Ozawa also expressed a desire to visit the Soviet Union. There probably was speculation by Kanemaru as he anticipated a shift in Japanese-Soviet relations that "he wanted to appear alone as a politician," (Foreign Ministry source). Therefore, it is natural to see Kanemaru make a statement.

It seems that "There had been talk in the Foreign Ministry of 'inviting him to dine' several times, but it was never realized due to his daily schedule."

There is what is perceived to be "a gap" between the thinking of the Foreign Ministry and the sense of the people. On 22 April, there was a symposium held at NHK Hall in Shibuya, Tokyo. An American scholar said, "It is possible that the withdrawal of U.S. Forces in Japan will be realized sooner than anticipated."

Minoru Tanba, counselor of the Treaties Bureau who attended from the Foreign Ministry, objected in a strong tone of voice that "for the foreseeable future, the U.S. military must stay in Japan. Scholars may say this or that for reference, but I worry about making such speeches in Tokyo."

Here, there was simultaneous loud applause in the hall when critic Takashi Tachibana said, "It would be good in the future if the Foreign Ministry not to say that 'something is absolutely impossible.' Didn't the Japanese Foreign Ministry misjudge concerning events in the Soviet Union and Eastern Europe?"

The tension in East-West relations has relaxed and with that in the background, the United States is cutting its defense budget. Secretary of Defense Cheney, who came to Japan in February, expressed that "In the next two to three years, about 5,000 men in U.S. Forces Japan will be cut." It is said that there is a possibility that further cuts will proceed in accordance with the future world situation.

The continued existence of the U.S.-Japan Security Treaty, which the Foreign Ministry should view as only "common sense," is now publicly spoken of as "unnecessary" in some parts of the country. U.S. actions may develop quicker than the Foreign Ministry thinks. It seems that the symposium audience understood this.

Brandishing "Stupid Questions and Answers"

"It's an age of a hundred million total diplomats."

Thus says a top officer of the Foreign Ministry.

Ever since the fall of last year, the people have been riveted in front of the television with reports of the upheaval in Romania and the fall of the Berlin wall.

The people have begun to direct their concern toward Japanese diplomacy asking what Japan can do. What is the status of the morale of the professional foreign ministry bureaucracy?

There is an authorized personnel level of about 4,000 for the Foreign Ministry. It is about one-fourth that of the United States and half that of Great Britain. Of late, the bureaucrats have been about as busy as any ministry, but their overtime was 400 hours a month during the recent upheavals in Eastern Europe last fall, centering on the Eastern Europe Section in charge. It was a situation in which "they literally lived in the office."

Many of the young Foreign Ministry bureaucrats work in Tokyo and have a complicated mental attitude toward demanding matters. They joined the ministry dreaming of becoming "brilliant" foreign diplomats. Overseas assignments are rewarded with highter income. A first secretary at an embassy (in their mid-thirties) has an overseas work allowance of about Y500,000 in addition to a monthly salary of Y280,000.

A young person working overtime one night asked a colleague, "Say, how about stupid questions and answers [gumon, guto]?" Wondering what that was about, an officer inquired. It was the creating of presumed questions and answers in the Diet. It was pun on "dummy questions and answers [gimon, gito]." It was touched

upon in a separate article, but the creation of Diet replies goes on until morning. This also tires the young bureaucrats.

In addition to an absolute number which is less than in the United States or Great Britain, as indicated in a separate table [not reproduced], the candidates for career diplomats have recently sharply decreased in number and there is a sense of crisis in the ministry. It is an age when the young can simply travel abroad. Since overseas work in private firms also is common, it is not necessary to become a foreign diplomat in order to work overseas.

Still Treated as "Different" by Other Ministries

Slipshoddiness in the Foreign Ministry regarding overseas development aid (ODA) is pointed out. An example is the shipping of medical instruments without looking into what use another country is making of them. The Foreign Ministry explains, "We did not get around to it." Naturally, "They have taken the negative attitude of avoiding responsibility by implementing ODA for sanctioned world bank projects," (principal officer).

In addition, there is weakness in the domestic base of the Foreign Ministry. There is insufficient support at Nagatacho [location of Diet]. Furthermore, they are treated as "different" by other ministries within the government.

It seems that in the domestic coordination of the U.S.-Japan Structural Impediments Initiative [SII] talks, from the very beginning there was a state of other offices asking "What is the Foreign Ministry saying?" and "There is no understanding of finances in the Foreign Ministry," (Finance Ministry).

The Foreign Ministry also cannot help being an idle onlooker. Although the idea still circulates that "foreign diplomacy is secret. We may even lie to the mass media for the benefit of the country," they have begun to make an effort at public relations, establishing a foreign affairs press officer with the rank of bureau chief as a spokesman, at home and abroad, for the Japanese diplomatic stance.

They are sounding out attendance of a Japanese observer at the All-Europe Security Conference (CSCE), and aim to acquire a staff position in the European Reconstruction Development Bank, trying to create a foothold in Europe.

With the decline in U.S. relative power, Japan's role naturally must become greater. A section chief at the Foreign Ministry says thus, "If you compare the United States and Japan to a parent and child relationship, after the fearsome thunderous father has roared over the years, he gets into a hacking coughing fit. Having rapidly grown up, the child must earn his own living while being concerned about his parent's health."

The "age of the Foreign Ministry" is arriving from the opposite direction but....

* Increase in Resignations

902B0128A Tokyo AERA in Japanese
22 May 90 pp 50-52—FOR OFFICIAL USE ONLY

[Article by Hideo Hamada: "Ruling the Nation a Dream; Pursuit of One's Own Life; Becoming High Salaried Private Citizens"]

[Text] Long ago, the gateway to success for the Chinese bureaucrat was the "civil service exam." The one who passed, along with his family, were promised distinction. Today, the career bureaucrats in Kasumigaseki are resigning, one by one. Reasons are the low monthly salary and the arduous work with no time to consider their families. In a complicated and hypertrophic modern society, they have been unable to feel linked to the nation.

"The steady resignation of bureaucrats is because there are some problems," (Norihiko Akagi, 31). His white teeth peep out from his brown suntanned face. Without the badge on his lapel, he probably would not be noticed as a Diet member. He is the grandson of former LDP Diet member Munenori Akagi who successively served as minister of agriculture, forestry and fisheries and director general of the Japan Defense Agency.

Munenori retired and Norihiko inherited his constituency, stood as a candidate from the 3d Ibaraki Electoral District in the general election, and won. Before entering the political world, he had the title of "Planner" in the Ministry of Agriculture, Forestry, and Fisheries Secretariat Planning Office. He was a so-called career diplomat, having passed the National Civil Service Senior Grade (Category I) Exam and joining the ministry in 1983.

Akagi himself resigned to run for election, but two career diplomats one year ahead of him in joining the ministry have changed jobs, moving respectively to a major real estate company and foreign capital consultant company. A person one year behind him also is resigning midway in his career. The resignations of the young, one after the other, says Akagi, are due to considerable doubts about the ideals of government service.

"Miscellaneous Chores" Exhausts Energy

"Question taking," is one example. Government offices have the task of collecting information on the substance of questions and having this information ready the day before Diet members stand for questions in the Diet plenary session or committees.

"Question taking is done at night. The government offices must standby until then. After they get the questions, they must research the answers which often takes until morning."

There also have been struggles of jurisdiction among government offices.

"When bills are introduced, there are negotiations with the other ministries concerned, and they nitpick over trifles. In the agriculture, forestry and fisheries finance corporation bill, MITI has authority over the Central Bank for Commercial and Industrial Associations and it becomes a jurisdictional struggle concerning financing. When building forest trails, a memorandum is created saying there will be no infringement on the authority of the other ministry since there is conflict with the roads of the Construction Ministry. It is just a scrap of paper."

Young staff members are put to work in such areas. Akagi laments, "It is not using energy as it properly should be used."

In the case of Akagi, there also is an unconventional aspect. The Akagi family are large landowners in the western part of Ibaraki Prefecture. He himself grew up in Setagaya, Tokyo, and went from the high school affiliated with Tokyo Gakugei University to the Law School of Tokyo University and the Ministry of Agriculture, Forestry and Fisheries. A streak in the front of his hair was dyed blond and on days off, he would go to the beach for pleasure and the next day, doze off openly in his government office.

According to the man himself, however, "When having fun, I thoroughly had fun, but that is a reaction to work." In a gathering of his classmates, changing jobs was the topic of conversation and they half-joked about "strategy for escaping the Ministry of Agriculture, Forestry and Fisheries." However, in reality it became true for many.

"I believe that the state of diplomatic relations in the 21st century is important. However, my life is separate. There are things I want to do."

Masaru Kitamura (37) until this March was top administrative officer in the Technology Cooperation Section of the Foreign Ministry's Economic Cooperation Bureau (assistant to the top section chief class). He joined the ministry 13 years ago. He understood the work of the busy Foreign Ministry, but he resigned. He passed the judiciary examination while at the Tokyo University School of Law and to make use of that qualification, transferred to become a student at the Legal Training and Research Institute in order to become a lawyer.

His reason for resigning from the Foreign Ministry was that he desired to be able to be his own boss, "ultimately because I hated to be given orders." He explains that a big influence was the free school spirit familiar in his days at the Azabu Private High School in Tokyo.

"I Won't Do Such Things"

He chiefly worked in the North American Affairs Bureau and the Treaties Bureau at the Foreign Ministry. They are considered "mainstream" bureaus. He is proficient in English and attended various heads of state conferences as the officer in charge of interpreting for both former Prime Ministers Nakasone and Takeshita and former Prime Minister Uno in his days as foreign minister.

Last autumn at the Foreign Ministry, a career staffer (35) considered an expert in Russian also resigned and changed jobs to a foreign capital consultant company. According to a concerned individual, he had revealed to those around him that "when he looked at his own life a few years down the road, he wondered if it would be satisfying. He wanted to expose himself to change."

The resignations of career diplomats midway like this are striking. The government offices are not apt to disclose just how many of these resignations there are. The National Personnel Authority, which is in charge of personnel administration for all government workers, only speculates that about some 10 people a year resign to change jobs.

Walking around in the area of Kasumigaseki, however, there are stories, one after another, such as that of a councilor in charge of civil service training at the very National Personnel Authority who recently changed jobs to a private financial institution related company, and a principal officer who was considered "a future star" at the Foreign Ministry who surprised those within the ministry by indicating his intention to resign.

Low salary, continuous overtime and holiday work.... Regardless of government housing provided in first class areas and an old age pension level that is considered high, the treatment of bureaucrats cannot be called good.

"Although I work here until late at night, callous youths drive around in luxurious foreign cars. I won't do it."

This is a statement by a section chief of a certain ministry. As indicated in a separate table [not reproduced], the number of civil service aspirants is decreasing year by year, a reflection of the prosperous condition of private firms. The bureaucracy has become "no longer popular."

Recently, a foreign capital consultant company began to win over bureaucrats with high salaries and has become a "way station" for bureaucrats desiring a change of jobs.

No Effect on Influencing the Nation

However, why do bureaucrats who have been driven to study since children, and have striven toward the apex of a test-taking society throw away their position?

Mariko Bando, section chief of Consumer Statistics at the Management and Coordination Agency which publishes many works centering on job issues for women, says, "From 'complete devotion to employment,' we have entered an age of 'partial devotion' where only a part of the person is concerned with the work place. To a certain extent, it applies to civil service workers also."

However, according to the Tokyo University School of Law which sends out many high-ranking bureaucrats, for

the past several years there has been almost no change in the number of civil service aspirants.

"Students are prepared for hard work. Since they will become executives in the future, they do not expect to go home at 5:00 PM in the afternoon," (source concerned with welfare, School of Law).

Resignation in spite of that is due to the fact that "even though I do my work, it has no effect or influence on the nation. There has been a disappointment in what I had imagined before I joined the ministry." The words of a young bureaucrat seem to pinpoint the central point of the problem.

While he had thought that he would be a part of the governing sector of the nation and influence it through his work, he finds that government work has been considerably fractionalized. An example is public works which has become an issue in the U.S.-Japan SII talks. Even at the Construction Ministry which is directly involved, "There variously are roads, sewers, and rivers, but the person in charge of roads knows roads and nothing else," (an official).

The Road Bureau is further divided into several sections and with different persons in charge, and there are disputes within the ministry and other ministries on petty matters, as Akagi has previously stated.

Administrative reforms since the Special Administrative Investigation Committee have created a flow that should reduce the permit and license authority of administrative government and leave it to the private sector. Even now, the Transport, Post and Telecommunications, and Health and Welfare Ministries have various permit and licensing authority, but a section chief says that "there is a sense that the respective ministries are clinging to rights and interests in narrow fields and not exerting influence in governing the nation at all."

Dispiriting "High Politics, Low Bureaucracy"

There is a pride among bureaucrats that it is the bureaucratic system which has created the modern nation since the Meiji Restoration. Tadayoshi Nakajima, director general of the National Personnel Authority, says that now the economic world has assumed a power to counter it.

"It had been politics and the bureaucracy which influenced national life, but industry has been added as a third force. Industry has grown and having increased power in national life, the social value of industry also has changed in a good sense."

It is probably the power of politics which has been most dispiriting to bureaucrats. The "family Diet members" within the LDP who are considered experts in each of the administrative fields such as education, social and labor affairs, and transport make the important and substantial decisions. On tax system reform, it was the LDP Tax Investigation Committee rather than the Government Tax System Investigation Committee and on the producer rice price decision, it was the LDP Agriculture and Forestry Subcommittee rather than the Rice Price Council that controlled the respective policies.

In April of last year, there was a personnel affairs announcement of the sudden resignation of the chief secretary, chief of the Lifetime Learning Bureau and chief of the Elementary and Secondary Education Bureau within the Education Ministry at the time. It was a shake-up due to "involvement" in the Recruit scandal in which former Administrative Vice President Kunio Takaishi was arrested. It was said to be at the instigation of Takeo Nishioka, education minister at the time.

Legally, the ministers of each ministry have personnel authority over the bureaucrats of that ministry. In fact, there are several examples where the minister has tried to promote a bureaucrat who was in his favor to administrative vice minister, but it went against the "order of promotion" rule among bureaucrats and failed. Nishioka, in fact, exercised the minister's authority over personnel. The candidate for next "administrative vice minister" was among the section chiefs who were forced to resign.

A shock ran through the ministry when "it was again realized that government workers can be fired by the minister."

Management of Nation by "Multiple Dimension Equation"

The U.S.-Japan SII talks have attracted wide attention. The "regulations," "acceptance and encouragement of cartels," and "administrative guidance" conducted so far by bureaucrats have been made the object of attack by the United States, which is pursuing the fact that they "do not reflect consumer interests." They have been confronted by a "no" from allies and the United States.

A principal bureaucrat relates that "it is embarrassing to be told such a thing by the United States. There is no self-cleansing power among the bureaucrats."

It is the deep feeling of another leading bureaucrat that "formerly, the management of the nation was a simple linear equation. Now, it has become a complex, multiple dimension, simultaneous equation. A nation does not come into view because of individual bureaucrats. It is hopeless if serious bureaucrats think that."

Junichi Suzuki, the governor of Tokyo (former Home Affairs Ministry administrative vice minister, deputy chief cabinet secretary) who is on the cover of this issue, was called a career diplomat (senior official) when he joined the old Ministry of Home Affairs before the war. He was an "imperial bureaucrat" appointed by the emperor. He took on the obligation of "loyalty and diligence" (public service regulation) to the emperor and the government. There was a strong elite awareness, but the sense of mission to support the nation also was strong.

Today, they have the position of servants of the people in a democratic nation. Along with the change in the times and mobility of society, that sense of mission also certainly is changing.

Of course, there are many bureaucrats who assert that "Kasumigaseki is not simply a sinking ship." However, there is no mistake that the extent to which bureaucrats influence matters and make decisions is decreasing. The actions of bureaucrats who have resigned bespeak that "there is more to life than the bureaucracy."

[Boxed item] Nobuyoshi Namiki, Professor at Nagoya City University (Former MITI Bureaucrat): Government and LDP Handyman Not Needed

Since the Meiji Restoration, the bureaucrats of Japan considered observance of principles as one aim. It was considered ideal to avoid political thought, make administrative decisions, and report opinions to politicians. The policies of the high growth era after the war are a good example of that.

Since we have caught up with the United States and Europe, however, bureaucrats have neglected self-reform to meet the change of the times. Particularly in the past 10 years, unprincipled opportunism has become rampant.

Recently, there has been the issue of liberalization of rice. There is no chance that Japan will be able to successfully prevent liberalization at the Uruguay Round (new multilateral trade negotiations). The Agriculture, Forestry and Fisheries Ministry should explain the outlook to the people. If Japan makes a judgment to protect its isolation, that should be included. Such unclear responses as the current ones cannot help but be called an abandonment of agricultural policy.

In the U.S.-Japan SII talks also, the establishment of a 10-year plan for public works investment and an indication of the total amount to be spent is opportunism. It is indeed strange to make an agreement with the United States at a stage when the Economic Planning Agency, which inherently should establish the program, has not decided anything.

Why has it happened this way? The social environment has changed and the balance between the political, government, and financial worlds has crumbled. Regardless of how it appeared on the surface, the actual power between the three was balanced up to the period of high growth.

After the period of high growth, however, the political world under a system of one-party rule gained actual power, and the financial world also came to look down on the bureaucratic world. To curry favor in the political and financial worlds, bureaucrats have fallen into unprincipled opportunism.

Regarding the abrogation of the Large-Scale Retail Stores Law, just at the moment that Minister of International Trade and Industry Muto stated that "a review will be made," the bureaucracy immediately reacted and admonished the minister. Although they are fully aware that the Large-Scale Retail Stores Law is a bad law for the administration, and at heart want to abrogate it, there is fear that the LDP will suffer in elections afterward. This is not what government workers do. It is the politicians who take the responsibility. What the bureaucrats should do is submit various ideas in place of the Large-Scale Retail Stores Law such as, for example, regulating the issue of opening stores as a link in city reorganization planning. The bureaucrats now have been degraded into the handymen of the government and LDP. [end boxed item]

* Comparison of Bureaucrats

902B0128A Tokyo AERA in Japanese
22 May 90 p 42—FOR OFFICIAL USE ONLY

[Article by Kazunori Uruma: "Japan—Academic Background and Years in Service Ranking; United States—No School Cliques, Personnel Difficulties"]

[Text] The cause of U.S.-Japanese friction does not lie solely in economics. U.S.-Japanese "bureaucratic friction" also cannot be overlooked. A comparison is made of how they differ.

A U.S. bureaucrat in Japan pointed out the following about the way currency authorities have confronted the sudden low yen since the beginning of the year, especially the handling by the Finance Ministry.

"They do not try to look directly at the fast movement of the market. That is because they are afraid that they cannot control the market themselves and cannot bear the responsibility."

Reflected in the eyes of this American bureaucrat is "the control priority" of the Finance Ministry bureaucracy.

"For example, when they proceed with relaxing regulations, they try to prevent a breakdown of the current system. That is because they want to realize it within a scope that bureaucrats can manage. Even if that has been effective in the past, it now is impossible for the Finance Ministry to control the market completely."

The Finance Ministry, which has the typical character of Japanese bureaucratic society, is a society where ranking is based on years of impeccable service. To survive in the organization, bureaucrats emphasize the traditions and precedents of the organization.

Bureau Chiefs Also Change With Change of President

The United States is completely different. Becoming a bureaucrat directly after college and graduate school stops at the section chief class. Salaries are low and there are no school cliques. Officers from secretary down to bureau chief are appointed by the President. They are called political appointees. They also are young in their thirties or forties and all change if the President changes.

Parliamentary Vice Minister of the Ministry of Agriculture, Forestry and Fisheries Chikara Higashi, an old boy who has written many books about administration in the United States, says that "They are called 'hired fighters' and are eager to achieve concrete results while in office in order to find a new job with good prospects in the future. Japan is better from the point of consistency in policy."

William Franklin, director of the U.S. Chamber of Commerce in Japan says thus:

"The Japanese bureaucrat has been the model for the world for at least the past 40 years on the points level of knowledge, zeal, and devotion to the nation. From the nineties into the 21st century, a different leadership probably will be necessary."

"Since many American bureaucrats are appointed for only a limited time, they have neither prestige nor power nor influence. Therefore, top students do not think so much of becoming a bureaucrat."

American bureaucrats are almost all graduate school graduates. Annual salary for a new person holding a master's degree is $23,000 to $34,000, better than a Japanese new career bureaucrat with an annual salary of about Y2.5 million, but by no means can it be called a high salary. It is not very popular among students as a place of employment. The power of the various government agencies also differs.

Japanese Bureaucrats Have Great Discretionary Power

The power held by the Finance Ministry is divided into several organizations in the United States. The functions of the Finance Ministry can largely be divided into fiscal and monetary. Among these is the power of budget assessment (compilation), which is the so-called source of Finance Ministry power. Simply speaking, the draft of the Japanese budget is compiled after the Finance Ministry receives the estimated requirements from the various government agencies, submitted to the Diet and normally is passed with hardly any corrections.

In the United States, budget submission power lies with the Congress because it is enacted as a law. The budget-related committees of the upper and lower houses make the draft and the Congressional Bureau of the Budget assists this. The administration's Office of Management and Budget compiles the President's budget message.

Not just the Finance Ministry, but the power of Japanese Government agencies is further strengthened by administrative guidance. An American bureaucrat points out thus:

"In the United States, the standards and conditions for new bank branches are codified in great detail. In Japan, however, the bureaucracy has a greater part in interpreting laws and regulations. It can be said that interpretations will vary depending on the individual bureaucrat. It is difficult for foreigners to understand what in the world the rules are."

Entangled behind the points of opposition at the U.S.-Japan SII talks are the difference in bureaucratic systems and the difference in actions and concepts generated from it.

* U.S. Pressures for Change in Ministries

902B0123A Tokyo AERA in Japanese
22 May 90 pp 34-35—FOR OFFICIAL USE ONLY

[Article by editorial staff writer Takaaki Harai: "Ministries Compete for Gains Spurred by U.S. Pressure"]

[Text] Even though they made outcries of "interference into internal affairs," bureaucrats turned their faces away and laughed at demands by the United States. In the unseen side of "outside pressure" the shadows of Japan's ministries waver.

The four ministries—Ministry of International Trade and Industry (MITI), the Ministry of Finance (MOF), the Ministry of Foreign Affairs, and the Agriculture, Forestry, and Fisheries Ministry—occupy the four corners of the intersection of Kasumigaseki 2-Chome. At this intersection, bureaucrats of these four ministries are always transferring paperwork and making minor arrangements. This is due to the equidistance from each of the four ministries to the other.

A top official on the executive staff of MITI says, in a flat tone, "Notwithstanding which ministry initiates the call to deliver paperwork, quarrels arise over the telephone concerning who will come to the other. So to quell even this, the representatives of both ministries go to meet the other at the intersection.

The Japan-U.S. Structural Impediments Initiative [SII] talks that have sent alarm throughout Japan with the so-called "Japan Reconstruction Plan" have put internationalization on the center stage. But on the flip side, the various ministries have also become very aware. From the start, the ministry that became targeted was MITI. It was not the United States, but MITI's neighboring MOF that fulfilled the duty of narrowing down MITI as this target.

The story goes back to spring of last year.

The MOF's International Finance Bureau Director Makoto Utsumi (director at that time) invited U. S. Treasury Department Assistant Secretary Dallara to Murou Temple in Nara. At the risk of being called the "currency Mafia," the discussions on international finances by the two of them, who had come to cooperate intimately, were an attempt to adopt a policy to correct the Japan-U. S. trade imbalance which stubbornly failed to decrease even slightly. It is said that Utsumi suggested that, "while both Japan and the United States have

worked out the macroeconomic side with exchange tuning and finances based on a radical high yen-cheap dollar, in the future, discussions on domestic and overseas price differences and import promotion should be taken up."

This implies that the target of attack changed from the "MOF" to "MITI." For the U. S. Treasury Department, distressed with its unmanageable financial deficit, this was perfect timing. This was later connected to a proposal by President Bush to set up an SII conference. Then and there, there was an understanding by the two sides that their respective ministries would be safe from discussing macroeconomic problems at the conference.

In the summer preparations for the conference began and, after a meeting, Utsumi tapped MITI official Naomichi Suzuki on the shoulder and said, "Your turn is next."

While thrusting MITI into the forefront, the MOF tried to remove the Ministry of Foreign Affairs starting with an unprecedented joint-chairman system. This is because the Ministry of Foreign Affairs would only complicate things. This ended in failure due to the resolute opposition by the entire Ministry of Foreign Affairs.

The Large-Scale Retail Stores Law "Scapegoat"

MITI, from the beginning, managed things from a crisis atmosphere. Actually, in the provisions of the U. S. demands there were many things—Japan's pricing mechanism, its distribution system, industrial groupings, and exclusionary business practices, etc.—connected to MITI. Furthermore, MITI had been forced to make a pledge to reform the Large-Scale Retail Stores Law.

MITI, though appearing to be wounded after it finished its midterm report paperwork collection, felt great relief as though the conference was over. After the fourth marathon session of the conference, which lasted four days, an official, who slept a total of three hours, said, "Ducking under the encircling ring of MITI-bashing, we somehow found a way out."

In Kasumigaseki the rumor was making the rounds that MITI had portrayed itself as the Large-Scale Retail Stores Law "scapegoat."

The Large-Scale Retail Stores Law was one of of MITI's gains, but it also was a "problem child." In the process of drawing it up, even the Liberal Democratic Party (LDP) was disturbed by demands it received from small- and medium-sized retail stores and the law became a distortion that added administrative guidance never intended by the law. Even though MITI had gone as far as to discredit the law as the "main factor which obstructs the promotion of efficiency" (MITI's 1990's Distribution Vision), there was a backlash against the LDP by the small- and medium-sized businesses and conditions for reform were difficult. If changes were to occur they would be the result of the ever present "outside pressure demands."

While on the one hand, MITI executives deny this rumor, on the other hand, they say, "MITI, as the symbol of structural barriers, has been the scapegoat, but in the center of this is the complicated distribution system. We feel it is preferable that the Large-Scale Retail Store Law be withdrawn."

If the conference were to deteriorate, there would be the concurrent promise of the Super 301 provisions. This was weighed in the balance of overall trade considerations.

In the beginning, the United States did not have even a slight hope for a working improvement of the Large-Scale Retail Stores Law and demands for this were weak. Unexpectedly this spring, this was expanded into a "demand for abolition."

Japan also pulled the trigger on this. On 20 March the United States Government held a secret meeting to get together with Japan at the "Arlie House" estate in a Washington D.C. suburb.

In order to avoid the press corps, Japanese Government participants went directly there from the airport and additional participants from Washington D.C. played a game of tag with reporters on the rainy highways. During a meeting recess, Foreign Minister Koji Watanabe invited U.S. State Department Undersecretary of State McCormack on a walk where it is said he suggested, "You must demand the abolition of the Large-Scale Retail Store Law." The Ministry of Foreign Affairs set the stage for the success of the negotiations.

Another peril of the Kasumigaseki war—taking place at the conference—arose in the MOF, which had been in the safety zone.

The Suddenly Surfacing "Public Works Spending" Demand

On 22 February when the press corps surrounded one of the bureaucrats as he emerged from the meeting hall where the third round of discussions were being held in Tokyo, it slipped out that, "as far as that goes, they demanded we bring our public works spending up to 10 percent of our GNP!" For the MOF, this is a subject which concerns MOF back room budget allocating. When executives of the MOF Budget Bureau heard this, they groaned. "This is an infringement of national security!" It is still not known to which ministry the bureaucrat who let this slip belongs to.

In Kasumigaseki the rumors of "It may have been the Construction Ministry which is now favorably disposed to the United States" and "No, wasn't it the Ministry of Health and Welfare?" circulated around.

The President's Council of Economic Advisers (CEA), equivalent to Japan's Economic Planning Agency, made

this demand for an increase of public works spending. However, many conference participants are saying, "There is the possibility that MITI officials (who bore the brunt of the attack)—angry at the MOF's way of doing things—have been indoctrinated by the United States."

A MITI official says—after having denied that as long as Japan points out that the situation is a U. S. financial deficit problem, it is natural for the United States to say it is a problem of savings and investment—"It serves the MOF right!"

A participant says, regardless of who set them up, from the halfway point the conference took on an appearance of both Japan and United States "Utsumi-bashing," and there is no doubt that drew a response from the big boss MOF of public works spending.

According to participants whenever Japanese and American officials touched on financial problems, Utsumi broke in with, "This is something we will not discuss." They say that on the problem of savings-investment, the Japanese would speak up and check the conversations with, "There is no need to answer this."

Since the second conference at the end of last year this had not been touched upon, but public works spending suddenly surfaced as one of the targets. Even outside the conference, Treasury Department Undersecretary Mulford began an attack, telling the United States media that Japan's money market is not fully liberated.

In Washington it is an accepted opinion that even the cheap yen-high dollar going into this year is "pressure on the MOF by the United States as it has watched the structural [problems] conference."

At the secret meeting in the Washington D.C. suburb on 20 March, during a recess, the joint chairman, Deputy Vice Foreign Minister Watanabe told Utsumi that if he did not come up with figures on how much to increase public works spending, the United States would not accept an agreement. To this Utsumi said, in an astonishingly loud voice in front of those around him, "Don't butt into our ministry! Are you trying to get the [MOF] minister fired?"

However, as if the LDP had been expecting a long-awaited financial feast, it jumped at this. Kanemaru, Ozawa, Takeshita, and Hashimoto held a discussion where it is said Construction Ministry family member Kanemaru said, "Working from the present 6.5 percent of GNP, 7 percent won't do, but with 8 percent, it may work." With this pressure, the protests concerning this midterm report by the real bureaucrats and the MOF Budget Bureau were in vain, and it has turned out the MOF has as its homework the putting of a future 10-year public works expenditure sum total in the September final report.

The United States Does Not Trust Japanese Bureaucrats

In the SII conference, the United States has demanded from Japan as many as 240 detailed provisional changes. Moreover, in regard to Japan's distinctive circumstances, the United States is analyzing them with unreasonable accuracy. Of course the United States Embassy did a good job in information gathering, but it is said the cooperation of the four warring ministries as they drag one another down, in addition to the Super 301 provision which applies "outside pressure" and specific groups of lawyers who are aiming at investment expansion all cooperated in the analysis.

The Japan-U. S. SII conference could as an addition be a "Japan-Japan Structural Conference."

The public pledges made to the United States, up to the point where they become policy, must get over the hurdle of interministry meetings and LDP adjustments and Diet deliberations, etc. Whether or not Japan's bureaucrats' intense awareness and indisposition to interfere in politics do not spoil the fruits of the conference, the United States is demanding that a system to monitor the fulfillment of these pledges be set up.